

MMI programs because MMIs are processed differently as discussed more fully below.

DTC sweeps maturing MMIs from the accounts of "presenting participants" and initiates book-entry deliveries versus payment to paying agents' accounts on maturity date for inclusion in that day's same-day settlement system net settlement. Paying agents can refuse to accept maturity presentments of an issuer's MMIs so long as the paying agents notify DTC of their intention by 3:00 p.m. Eastern Standard Time on the day the MMI matures. If a paying agent refuses to accept maturity presentments, DTC will communicate this to all DTC participants and will reverse the maturity presentments by recrediting the participants' accounts with the maturing MMI, thus offsetting settlement credits in those accounts. DTC also will unwind any other maturity presentments, valued issuance, periodic income payments (e.g., interest or dividend), principal presentments, and reorganization presentments that it may have processed earlier that day in the same and other MMIs of a "defaulting issuer."

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder applicable to DTC because the proposal will improve the timeliness of dividend and redemption payments to DTC participants and will improve the processing and recordkeeping in the Dividends and Reorganization Departments of DTC and its participants. The proposed rule change also will improve the procedures for safeguarding funds in DTC's custody or control of for which it is responsible.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments from DTC participants or others have not been solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregone rule change has become effective pursuant to Section

19(b)(3)(A)(i)⁴ of the Act and Rule 19b-4(e)(1)⁵ promulgated thereunder because it constitutes a state policy, practice, or interpretation with respect to the meaning, administration, or enforcement of DTC's existing procedures for the payment of dividends, interest, and redemption proceeds. At any time within sixty days of the filing of this proposed rule change, the Commission summarily may abrogate the rule change if it appears to the Commission that such action is necessary or appropriate in the public interests, for the protection of investors, or otherwise in furtherance of the proposed of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection at DTC. All submissions should refer to File No. SR-DTC-95-03 and should be submitted by April 13, 1995.

For the Commission by the Division of Market Regulation, pursuant to the delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35450; File Nos. SR-NYSE-94-39; SR-Phlx-94-29; SR-PSE-94-34; SR-BSE-94-15; SR-CHX-94-28; SR-NASD-94-67; SR-CBOE-94-55]

Self-Regulatory Organizations; New York Stock Exchange, Inc., Philadelphia Stock Exchange, Inc., Pacific Stock Exchange, Inc., Boston Stock Exchange, Inc., Chicago Stock Exchange, Inc., National Association of Securities Dealers, Inc., and Chicago Board Options Exchange; Supplemental Order Regarding Recently Adopted Rules for Short Position Reporting

March 7, 1995.

I. Background

The New York Stock Exchange, Inc. ("NYSE"), on October 27, 1994, the Philadelphia Stock Exchange, Inc., ("Phlx"), on October 20, 1994, the Pacific Stock Exchange, Inc. ("PSE"), on November 23, 1994, the Boston Stock Exchange, Inc. ("BSE"), on November 28, 1994, the Chicago Stock Exchange, Inc. ("CHX"), on December 12, 1994, the National Association of Securities Dealers, Inc. ("NASD"), on December 2, 1994¹ and the Chicago Board Options Exchange ("CBOE"), on January 3, 1995, (collectively, "self-regulatory organizations" or "SROs") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")² and Rule 19b-4 thereunder,³ proposed rule changes to facilitate uniform short position reporting requirements.⁴

The proposed rule change filed by the CBOE was published for comment in Securities Exchange Act Release No. 35227 (January 13, 1995), 60 FR 4208 (January 20, 1995). In addition, all of the other proposed rule changes were published for comment in Securities Exchange Act Release No. 35147 (December 23, 1994), 60 FR 518 (January 4, 1995). No comments were received on

¹ In addition, the NASD filed Amendment No. 1 on January 11, 1995, to clarify who must report to the NASD, what the entities must report, and the mechanics of how to transmit such report. Because the Amendment did not substantively change the proposal, the Commission did not publish it for comment. See letter from Joan C. Conley, Secretary, NASD, to Mark Barracca, Attorney, SEC, dated January 11, 1995.

² 15 U.S.C. 78s(b)(1) (1988).

³ 17 CFR 240.19b-4 (1991).

⁴ "Short" positions to be reported are those resulting from "short" sales as defined in SEC Rule 3b-3, but excludes positions resulting from sales specified in clauses (1), (6), (7), (8), (9) and (10) of paragraph (e) of SEC Rule 10a-1. Also to be excluded are "short" positions carried for other members and member organizations reporting for themselves.

⁴ 15 U.S.C. 78s(b)(3)(A)(i) (1988).

⁵ 17 CFR 240.19b-4(e)(1) (1994).

⁶ 17 CFR 200.30-3(a)(12) (1994).

the proposal from either notice publication.

The Commission issued an order on January 27, 1995, approving the proposed rule changes referenced above.⁵

II. Discussion

As explained in the Approval Order, the purpose of the rule changes is to ensure that all broker-dealers registered in the United States report open short positions to an SRO. The proposed rule changes emanated from an initiative by the SROs, as Intermarket Surveillance Group ("ISG") members, to ensure uniform short position reporting in U.S. traded securities.

Substantively, the new reporting requirements will continue to include stocks and warrants, including odd-lots, in each such security traded on a United States securities exchange or association. Further, the reports will continue to include both customer and proprietary positions.

At the time the Approval Order was published, the Commission understood that broker-dealers with multiple proprietary accounts netted such accounts for purposes of reporting their short positions. In the interim, however, it has come to light that industry practice varies and that the preferred method is not to net multiple accounts. Specifically, the NYSE indicated in a letter submitted to the Commission on March 1, 1995, that "firms will use the gross method of reporting short interest positions rather than netting." The remaining ISG participants that adopted the rules at hand have confirmed that industry practice should not be disrupted for purposes of reporting firm short interest positions. The NYSE requested that the Approval Order be modified to reflect industry practice at the time of the rule filing.⁶

The Commission notes that the method of calculation was not a determinative factor in the decision to approve the short interest reporting rules. Rather, the Commission's goal was to assure uniformity in the calculation of short positions to provide comparable information to the marketplace. In this regard, the Commission has not identified advantages of one method over the other and agrees that, consistent with industry practice, short interest positions for both like and non-like accounts may be

reported gross for purposes of the new reporting requirements.

The Approval Order included an example to illustrate the method, net reporting, which the Commission understood to be the industry standard.⁷ The modification requested by the NYSE would be reflected in this example by providing that the firm would not net its proprietary accounts.⁸

The Commission finds that the clarification does not alter the statutory basis relied upon in the Approval Order. The Commission continues to believe, therefore, that the short interest position reporting rules and methodology for such calculation as outlined herein is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) and 15A.⁹ In particular, the Commission believes the proposal is consistent with the Sections 6(b)(5) and 15A(b)(6) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public, in that the proposal should enhance the ability of the SROs, both collectively and individually, to monitor short interest reporting, and to reinforce their regulatory and surveillance capabilities in this area.

III. Conclusion

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the Approval Order is hereby revised as described above.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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⁷ See Approval Order, footnote 7.

⁸ The example in the Approval Order concerns a broker-dealer with three accounts—account 1 has short interest of 100 shares, account 2 has short interest of 225 shares and account 3 is long 150 shares. As indicated in the Approval Order, if the three accounts are for different customers then the broker-dealer shall report a gross short interest of 325 (not netted to 175). In contrast to the Approval Order, however, if account 1 is a firm customer account, and accounts 2 and 3 are firm proprietary accounts, the broker-dealer would still report total short interest of 325 (not netted to 75), as the broker-dealer would not net the firm's proprietary positions but would report a total gross short position (customer 100 and firm 225).

⁹ 15 U.S.C. 78f(b) and 78o-3 (1988).

¹⁰ 15 U.S.C. 78s(b)(2) (1988).

¹¹ 17 CFR 200.30-3(a)(12) (1994).

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

ACTION: Notice of reporting requirements submitted for review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATE: Comments should be submitted within 30 days of this publication in the **Federal Register**. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

COPIES: Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer. Submit comments to the Agency Clearance Officer and the OMB Reviewer.

FOR FURTHER INFORMATION CONTACT:

Agency Clearance Officer: Cleo Verbillis, Small Business Administration, 409 3rd Street, SW., 5th Floor, Washington, DC 20416, Telephone: (202) 205-6629.

OMB Reviewer: Donald Arbuckle, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

Title: Program Evaluation SBA 7(a) Loan Program.

Form No.: N/A.

Frequency: On Occasion.

Description of Respondents: 7(a) loan applicants.

Annual Responses: 1,700.

Annual Burden: 312.

Dated: March 2, 1995.

Calvin Jenkins,

Assistant Administrator for Administration.

[FR Doc. 95-6251 Filed 3-13-95; 8:45 am]

BILLING CODE 8025-01-M

[Declaration of Disaster Loan Area #2760; Amendment #3]

California; Declaration of Disaster Loan Area

The above-numbered Declaration is hereby amended, effective February 27, 1995, to include Kings County in the State of California as a disaster area due to damages resulting from winter storms causing flooding, landslides, mud and

⁵ Securities Exchange Act Release No. 35287 (January 27, 1995), 60 FR 6743 (February 3, 1995) ("Approval Order").

⁶ See letter from Salvatore Pallante, Senior Vice President, Member Firm Regulation, NYSE, to Holly Smith, Associate Director, Division of Market Regulation, Commission, dated March 1, 1995.